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C O N F I D E N T I A L SECTION 01 OF 02 AMMAN 003803

SIPDIS

PASS TO USTR - C. NOVELLI AND E. SAUMS
USDOC 4520/ITA/MAC/ONE/WIEGLER
STATE FOR EB/CBA

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TAGS: ETRD PREL PAID ECON JO

SUBJECT: U/S LARSON MEETING WITH JORDAN'S DEPUTY PRIME
MINISTER HALAIQA

REF: AMMAN 3425

Classified By: DCM David M. Hale. Reason 1.5 (D).

¶11. (SBU) SUMMARY: Under Secretary for Economic, Business and Agricultural Affairs Alan Larson reviewed trade issues with Government of Jordan (GOJ) Deputy Prime Minister and Minister of Trade Mohammad Halaiqa on the margins of the World Economic Forum (WEF) May 15. Halaiqa noted the GOJ's progress with economic legislation and said that Jordan would sign an FTA with Singapore on May 16. In response to expressed U.S. concerns, the GOJ proposed raising its pre-shipment inspection program at the bilateral trade Joint Committee in June. Halaiqa launched into a request for more assistance for Jordan, noting the GOJ's hope for a supplemental in difficult times. END SUMMARY.

¶12. (SBU) At the meeting on the margins of the WEF, DPM Halaiqa noted that the GOJ was calling a two-month, extraordinary session of the parliament starting in June in which dozens of bills would be passed, including a number of key economic bills. He also said that Jordan would sign an FTA with Singapore on May 16, during the WEF.

¶13. (SBU) U/S Larson praised Jordan for its progress in trade, but indicated that the GOJ's pre-inspection program was raising problems with U.S. businesses. He understood from a recent letter sent by DPM Halaiqa to Ambassador Gnehm (Ref A) that the GOJ was looking into the problem with a view to solving it, for which the USG was grateful.

¶14. (SBU) Halaiqa responded that after a study of the matter, the GOJ did not believe the pre-shipment program (called DAMAN) was a serious issue. But if there were Jordanian importers who told the government that they were experiencing problems, then he could look at it again. According to the profile of U.S. goods imported into Jordan -- in terms of quantities and value -- the DAMAN pre-shipment program appeared to be in favor of U.S. trade, he said. Goods that were rejected under DAMAN were from places such as Taiwan, he said. If there are some specific issues, then the GOJ would look into it, he added.

¶15. (SBU) U/S Larson said that he would take that offer back to the U.S. Halaiqa suggested the topic might be raised at the June 8 Joint Committee under the auspices of the Free Trade Agreement, where the U.S. might raise some cases and the Government of Jordan could bring an official to respond (Dr. Ahmad Hindawi of the Jordan Institute of Standards and Metrology, which runs DAMAN). He also expressed readiness to meet with U.S. exporters who have voiced complaints on the margins of the JC. U/S Larson noted that the USG might be interested in such an arrangement. U/S Larson said that it might be possible U.S. companies complained loudly to the USG but more politely to the GOJ. He suggested that a problem needed to be solved if American companies were unhappy about it. Halaiqa responded that the GOJ remained open to discussion.

Boeing Sale

¶16. (C) U/S Larson raised the sale of Boeing aircraft, which he said would be good for Jordan. DPM Halaiqa indicated that the GOJ was now considering long-term lease arrangements for aircraft. However, based on a decision made at the highest levels, if the GOJ were to purchase aircraft equipment, and the price was competitive, then the GOJ would buy Boeing, he said.

Request for Assistance

¶17. (SBU) Turning to financial assistance for Jordan, Halaiqa recounted the "still very difficult" circumstances the country faced. Having just increased in April retail petroleum prices, and having just increased the Value Added Tax, Jordan still faced very difficult circumstances despite the Saudi concessional oil shipments. He asked the USG to

consider helping maintain Jordan as a model in the region.

18. (C) U/S Larson indicated that -- as noted in previous discussions with Minister of Planning Bassam Awadallah -- the Administration's current supplemental would be limited to financing DOD's military operations. He indicated there might be an opportunity to review additional subsidies for Jordan this year, but not under the present supplemental.

19. (U) This message was cleared by Under Secretary Larson.
GNEHM